

INWIT: BOARD OF DIRECTORS EXAMINES AND APPROVES THE ANNUAL FINANCIAL REPORT AT 31 DECEMBER 2019

- ▶ **REVENUES: 395.4 MILLION EUROS, UP 4.5% ON 2018. EXCLUDING ONE-OFF REVENUES, REVENUES WAS 385 MILLION (+2.9%).**
- ▶ **COMPARABLE EBITDA USING SAME ACCOUNTING STANDARDS: 226.8 MILLION EUROS, UP 5.3% (4.9% NET OF ONE-OFF REVENUES) ON 2018.**
- ▶ **COMPARABLE EBITDA MARGIN OF 57.4% (56.9% IN 2018).**
- ▶ **COMPARABLE EBIT: 209 MILLION EUROS, UP 4.4% (+4% NET OF ONE-OFF REVENUES ON 2018).**
- ▶ **COMPARABLE NET PROFITS: 146.4 MILLION EUROS, UP 4% (+3.5% NET OF ONE-OFF ITEMS).**
- ▶ **RECURRING FREE CASH FLOW: 156.6 MILLION EUROS (+1.5% ON 2018).**
- ▶ **NET FINANCIAL DEBT (FROM ESMA RECOMMENDATIONS): 712.1 MILLION EUROS (INCLUDING 640 MILLION INCREASE DERIVING FROM IFRS 16 APPLICATION). EXCLUDING THIS IMPACT, COMPARABLE NET FINANCIAL DEBT WAS 72.4 MILLION EUROS (48 MILLION IN 2018).**
- ▶ **SHAREHOLDERS' MEETING CALLED FOR 6 APRIL 2020, FOR APPROVAL OF THE 2019 FINANCIAL STATEMENTS.**
- ▶ **PROPOSED DIVIDEND DISTRIBUTION: 126.746 MILLION EUROS.**
- ▶ **2020/2022 SUSTAINABILITY PLAN APPROVED FOR THE FIRST TIME.**



Milan, 5 March 2020

The Board of Directors of Infrastrutture Wireless Italiane S.p.A. (INWIT), meeting today 5 March 2020 under the chairmanship of Enrico Maria Bignami, examined and approved the Company's draft Financial Statements at 31 December 2019.

Results at 31 December 2019

The adoption of accounting standard IFRS16, as already highlighted in the previous interim reports and detailed in the specific paragraph, has altered the breakdown of the main economic and equity indicators.

For FY 2019, we note the following:

- **REVENUES** stood at 395.4 million euros, up 4.5% on the same period of 2018 (378.5 million euros). It should be noted that the periods in question include one-off revenues. More specifically, for FY 2019, these came to 10.1 million euros (quantification of the indemnity in favour of INWIT envisaged by the release mechanism in the MSA contract for 2015/18), whilst for FY 2018, they came to 3.9 million euros (penalties for non-hosting). Net of these items, the comparison with the same period of 2018 showed growth of 2.9%.
- **EBITDA** came to 349.8 million euros, up 62.4% on FY 2018 (up 63.1% excluding both the already-mentioned one-off revenues and the one-off costs relating to the Daphne project - integration with Vodafone Towers - of 5.3 million euros). This value benefited, for an amount of 122.9 million euros, from the adoption of accounting standard IFRS 16, in application of which, with reference to lease contract payables not constituting the provision of services, the relevant lease charges are no longer included amongst the purchase costs of goods and services but must be posted, on the statement of financial position, as a financial liability, represented by the current value of future lease charges, and in the assets, the right of use of the asset leased, amortised for the probable duration of contract. Additionally, December 2019's EBITDA was influenced by the negative impact of non-recurring charges for a total of 0.6 million euros (consisting of the expenses and provisions made for incentives to take early retirement).
- Comparable **EBITDA** for FY 2019 - prepared using the previous accounting standards - comes to 226.8 million euros, up 5.3% (4.9% net of said one-off revenues/costs) on FY 2018. The EBITDA MARGIN was 57.4% (56.9% in 2018).
- **EBIT** was 219.8 million euros, up 9.7% (+9.5% excluding said one-off revenues/costs) on the same period of 2018; comparable EBIT for 2019 came to 209 million euros, up 4.4% (+4% net of said one-off revenues/costs) on FY 2018.
- **PROFIT** was 139.3 million euros, down 1% on the same period of 2018 (-1.7% excluding said one-off revenues/costs); the comparable earnings for the period of 2019 amount to 146.5 million euros, up 4% (+3.5% net of said one-off revenues/costs) on the 2018 equivalent.
- Data for the **Fourth Quarter of 2019** alone showed, at comparable values with the same period of 2018, a considerable increase in all main indicators: +11.3% EBITDA, +10.4% EBIT and +8.6% period earnings.
- **BUSINESS INVESTMENTS** for the period came to 64.8 million euros, up 3 million euros on FY 2018 (61.8 million euros).
- **NET FINANCIAL DEBT** was 712.1 million euros, including, in particular, the 640 million euro increase deriving from the application of the new accounting standard IFRS 16 (Leases). Excluding this impact, the net financial debt was 72.4 million euros, an increase on 31 December 2018 (48.1 million euros).

During the year, there was also a clear increase in the number of tenants, thanks to the expansion of the customer base, not only to include mobile operators but also fast-growing new businesses with an increasing need for connectivity (FWA and IoT): this took the **CO-TENANCY RATIO up to 1.95x** (number of customers per site).

“The approval of the 2019 financial statements marks a close of phase in the history of INWIT. Four years after the birth and listing on the stock exchange, we can boast excellent results.” - **Chief Executive Officer, Giovanni Ferigo** stressed -. “The company has not only expanded upon its customer base through new hospitality opened up to other operators and new TLC players using different technologies and applications, like Fixed Wireless Access (FWA) or Internet of Things (IoT) services, but has also gradually and

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increasingly optimised its high quality infrastructures, making the most of the various technological opportunities as they emerge and, therefore, setting itself up as leaders in Italy in the development of Small cell and Distributed Antenna Systems (DAS).

"Today, on the strength of this success" - Mr Ferigo has announced - "INWIT is preparing to embark on a new phase, in which it will be a big player in the consolidation of the telecommunication infrastructures sector. Our company will be the enabler of innovative solutions, smart cities, industry 4.0, indoor coverage in crowded buildings and areas, speeding up the spread of 5G and thereby contributing towards the country's development. This increased role of INWIT on the Italian industrial scene, also forces us to pay new, closer attention to the environmental sustainability of our activities. For the first time, the company" - the Chief Executive Officer concluded - "will be presenting a three-year Sustainability Plan with precise objectives to be achieved including those set by the UN, with initiatives for employee well-being, the use of clean energy and the purchase of low environmental impact products and services".

EVENTS SUBSEQUENT TO 31 DECEMBER 2019

The Board of Directors, at the meeting held on 6 February 2020, called the Shareholders' Meeting for 20 March 2020 to appoint the new Board of Directors of INWIT, which will take office from the date the merger with Vodafone Towers becomes effective.

OUTLOOK FOR THE 2020 FINANCIAL YEAR

The wireless infrastructure market continues to undergo a profound transformation process and a growing demand for services from mobile operators and other radio network players.

Mobile operators need to increase their Service access points to expand their 4G coverage and accomplish the evolution from 4G to 5G.

Fixed Wireless Access providers are also increasing their networks to expand coverage and improve the quality of service offered to customers.

Other radio network players like IoT or Public Safety providers are already in the market and the entrance of new entities specialized in specific product/market segments is expected thanks to the new use cases enabled by 5G. These market dynamics, combined with the growing willingness of operators to share infrastructure, have driven INWIT to forecast additional growth in its traditional business and a sharp acceleration in new businesses.

With reference to the integration with Vodafone Towers, the Shareholders' Meeting of Infrastrutture Wireless Italiane S.p.A. ("INWIT"), held last 19 December, chaired by Piergiorgio Peluso, approved - in respect of the provisions of Article 49, subsection 1, letter g) of the Issuers' Regulations, for tender offer exemption purposes (the "white-wash procedure") - the merger by incorporation of Vodafone Towers S.r.l. ("VOD Towers") into INWIT (the "Merger") with 99.9% of the votes of the minority shareholders. On the same date, the Shareholders' Meeting of Vodafone Towers approved the merger.

The stipulation of the merger contract ("Merger Contract") is conditional on the achievement (or waiver) of certain suspensive conditions (including the approval of the transaction by the competent Antitrust Authority).

2020/2022 SUSTAINABILITY PLAN APPROVED

For the first time ever, INWIT has prepared its very own three-year Sustainability Plan, as evidence of the company's commitment towards sustainable development, thereby confirming its contribution towards the generation of value that is sustainable in the medium/long-term for all stakeholders. The Sustainability Plan, which is aligned with the United Nations 2030 Agenda Sustainable Development Goals (SDGs), is structured into measurable objectives, actions and targets and will be progressively implemented throughout the year and thereafter.

The three-year plan objectives include:

- The inclusion of Sustainability Plan targets in the assessment system, assuring that all employees take part in skill development and training initiatives, with initiatives aimed at promoting employee well-being, the conciliation of private life and working life and health and safety;

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- Contribution towards the modernisation of the country's infrastructures and the adoption of strategic, sustainable, resilient enabling technologies: INWIT develops a high quality, technologically-advanced infrastructure: DAS, Small Cell, fibre and sensors with a view to reducing environmental impacts, guaranteeing the reliability and resilience of its infrastructure.
- "Clean" energy: INWIT undertakes to improve the energy efficiency of the sites and devices, initially with pilot projects, activating mechanisms to compensate the direct emissions of greenhouse gases, assuring the correct management of the waste produced.
- INWIT purchases low environmental impact products and services, verifying the product certifications, using a supplier of electricity (industrial and civil) obtained from certified renewable sources.

AUTHORISATION TO ISSUE BONDS

The Board of Directors has authorised a Euro Medium Term Notes programme (EMTN Programme) to be set up for a total amount of up to 3 billion euros. The Programme consists of a documentary and contractual platform for issuing bonds, spread over time, in accordance with the Company's loan programmes and market opportunities, to be placed with qualified investors.

The Board of Directors has also authorised the issuing of one or more non-convertible bonds (also in multiple tranches) to be drawn on the EMTN Programme, for an overall notional amount of 2 billion euros or the equivalent in other currencies, to be placed with institutional investors mainly operating in Europe. The securities issued may be listed on one or more regulated and unregulated markets (multilateral trading systems). The purpose of both initiatives is to prepare refinancing on the capital market of all or a part of the bank debt arranged for the service of integration with Vodafone Towers.

2018/2020 LTI PLAN: EARLY TERMINATION

In relation to the Long term share ownership plan (LTI 2028/2020) approved by the Shareholders' Meeting on 13 April 2018 and in light of the merger plan with Vodafone Towers, the Board of Directors, consistently with that envisaged by the Plan Regulations, has resolved to proceed with the attribution of Shares to Beneficiaries upon completion of the aforesaid merger, ahead of the natural expiry date.

CORPORATE GOVERNANCE ISSUES

The Board of Directors has ascertained that the board as a whole continues to meet the composition requirements, and that six of the eleven new Directors (Francesca Balzani, Enrico Maria Bignami, Laura Cavatorta, Luca Aurelio Guarna, Filomena Passeggio and Secondina Giulia Ravera) meet the independence requirements set forth in the Borsa Italiana Corporate Governance Code and art. 148 of the Consolidated Law on Finance.

The Board was also notified by the Board of Statutory Auditors that, at its meeting of 2 March 2020, it also ensured that the requirements for its offices continued to be met and ascertained the independence of each of its members, including according to the criteria of the Italian Corporate Governance Code for Listed Companies. It also completed the self-assessment process of the operation of the body itself.

CALL OF THE SHAREHOLDERS' MEETING

The Board of Directors has resolved to call the Shareholders' Meeting for 6 April 2020 at 3.00 p.m. (single call) at the Rozzano auditorium (Milan), at viale Toscana n. 3, to resolve on the Financial Statements at 31 December 2019, on the allocation of profits and the Report on remuneration. Following the resolutions of the Board of Directors the Financial Calendar is amended solely in relation the date of the Shareholders' Meeting for approval of the 2019 Financial Statements.

Financial Statements

The Shareholders' Meeting will be asked to approve the financial statements of INWIT S.p.A., which show a net profit of 139.3 million euros.

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Allocation of profits

A proposal will be made to the Shareholders' Meeting to allocate the net profit of FY 2019 for distribution to Shareholders, by way of dividend, in a total amount of 126,746,400 euros, carrying the remainder forward. The dividend will be 0.132 euros for each of the 960,200,000 ordinary shares outstanding after completion of the merger of VOD Towers into INWIT, without prejudice to the fact that if the merger should be completed after the record date, the dividend will be 0.211 euros for each of the 599,777,882 ordinary shares outstanding as at that date (net of the 222,118 ordinary shares held by the Company). In this regard, please note that the Company will not purchase any other ordinary shares before the payment date. The pay out ratio of 91% is substantially in line with that of FY 2018. The amounts will be payable in favour of entitled parties as from 20 May (payment date), on the basis of the share deposit accounts at the end of the record date of 19 May; the coupon date will be 18 May.

Report on the 2020 Remuneration Policy and Compensation Paid

Shareholders will be presented with the 2020 Remuneration Policy and the Compensation paid in accordance with Art. 123-ter of Italian Legislative Decree no. 58 of 24 February 1998. The Shareholders' Meeting will be asked to express a binding opinion on the first section of the report on the Company's policy on the remuneration of the members of the Board of Directors and the key managers with strategic responsibilities for FY2020. Please note that the 2020 Remuneration Policy described may be subject to change after completion of said merger and, consequently, the adoption and implementation of the INWIT and Vodafone Towers "combined plan"; in compliance with the provisions of Art. 123-ter of the CLF, any such changes will be submitted for shareholder vote.

FINANCIAL COMMUNITY CONFERENCE CALL

The economic and financial results of INWIT at 31 December 2018 will be illustrated to the financial community during a conference call scheduled for 9 March at 2 p.m. (CET). Journalists may listen to the conference call, without asking questions, by calling: +39 06 33444.

The presentation to support the conference call will be made available in advance in the Investors section of the Company website www.inwit.it.

Pursuant to sub-section 2, Article 154-bis of the Consolidated Law on Finance, the Manager responsible for preparing the corporate accounting documents, Rafael Giorgio Perrino, has declared that the accounting disclosures contained in this press release correspond to the documentary evidence and the accounting books and records.

Disclaimer

This press release contains predictions of events and future results of INWIT that are based on current expectations, estimates and projections regarding the sector in which INWIT operates and on the current opinions of its management. These elements have by their nature a component of risk and uncertainty, because they depend on future events taking place. Actual results might significantly differ from those announced due to multiple factors, including: global economic trends, competitive scenarios and political, economic and regulatory developments in Italy.

In addition to the conventional financial performance indicators contemplated under IFRS, INWIT uses certain alternative performance indicators in order to provide a clearer picture of the trend of operations and the company's financial position. More specifically, alternative performance indicators refer to EBITDA and ESMA net financial debt. The meaning is explained in the Report on operations as of 31 December 2019.

INWIT
Press Office

INWIT
Investor Relations

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pressoffice@inwit.it

+39 06 44084330
ir@inwit.it

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